

EXHIBIT 1

INTRODUCTION

Respondent New Democrat Network (“NDN”) is a political organization based in Washington, D.C. Respondent Simon Rosenberg is the founder and president of Respondent NDN. From 1996 through 2003, Respondent NDN was a state general purpose committee and Respondent Rosenberg served as treasurer of NDN. As a state general purpose committee, Respondent NDN had an obligation to file periodic campaign statements as required by the Political Reform Act (“Act”).¹ In this matter, Respondents failed to timely file two paper pre-election campaign statements, and one electronic pre-election campaign statement, in violation of the campaign reporting provisions of the Act.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

- COUNT 1:** Respondents New Democrat Network and Simon Rosenberg failed to timely file a first pre-election campaign statement in paper format by October 5, 2000, for the reporting period July 1 through September 30, 2000, in violation of section 84200.5, subdivision (d).
- COUNT 2:** Respondents New Democrat Network and Simon Rosenberg failed to timely file a second pre-election campaign statement in paper format by October 26, 2000, for the reporting period October 1 through October 21, 2000, in violation of section 84200.5, subdivision (d).
- COUNT 3:** Respondents New Democrat Network and Simon Rosenberg failed to timely file a second pre-election campaign statement in electronic format by October 26, 2000, for the reporting period October 1 through October 21, 2000, in violation of section 84605, subdivision (b).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed, and so that improper practices will be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system to accomplish this purpose of disclosure.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

Duty to File Periodic Paper Campaign Statements

Section 84200.5, subdivision (d) requires a state general purpose committee to file a pre-election campaign statement before a statewide election when the committee is a recipient committee, as defined in section 82013, subdivision (a), and the committee makes contributions totaling \$500 or more during the period covered by the pre-election campaign statement. As defined by section 82027.5, subdivision (b), a state general purpose committee includes a committee that supports or opposes candidates or measures voted on in a state election. As defined by section 82013, subdivision (a), a recipient committee is a committee that receives contributions totaling \$1,000 or more in a calendar year.

Section 84200.7 sets forth the pre-election filing schedule for November elections held in even-numbered years. Under that statute, the first pre-election campaign statement must be filed no later October 5, covering the reporting period July 1 through September 30. The second pre-election campaign statement must be filed no later than 12 days before the election, for the period ending 17 days before the election.

Duty to File Campaign Statements Electronically

In 1997, the Legislature amended the Act to require committees that are significantly active on the state level to file their campaign statements electronically as well as on paper. When doing so, the Legislature specifically declared, as set forth in section 84601, subdivisions (b) and (c), that public access to campaign disclosure information is a vital and integral component of a fully informed electorate, and that advances in technology have made it viable for disclosure statements required by the Act to be filed online, thereby maximizing availability to the public.

The Act therefore sets forth an online campaign disclosure program. One feature of this program is set forth in section 84605, subdivision (b), which requires general purpose committees that receive contributions or make expenditures totaling \$50,000 or more supporting or opposing candidates for elective state office or state measures, to file their campaign statements electronically, in addition to filing campaign statements in paper format. Section 84605, subdivision (i) provides that persons who file electronically must continue to file paper campaign statements. For legal purposes, section 84605, subdivision (i) also provides that a committee's paper campaign statements are considered the official filings of the committee.

Duties of a Treasurer

Under section 81004, subdivision (b), section 84100, and regulation 18427, subdivision (c), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5, 91006.)

SUMMARY OF THE FACTS

From 1996 through 2003, Respondent New Democrat Network was a state general purpose committee and Respondent Rosenberg served as treasurer of the committee.

COUNT 1

Failure to Timely File a Paper First Pre-election Campaign Statement

Respondents had a duty to file a pre-election campaign statement disclosing contributions received and expenditures made during any pre-election reporting period in which Respondents made contributions totaling \$500 or more. The first pre-election reporting period before the November 2000 election was July 1 through September 30, 2000.

On or about September 22, 2000, Respondents made two contributions, totaling \$50,000, to two candidates for the State Assembly in the November 2000 election. Although Respondents made contributions that totaled \$500 or more during the first pre-election reporting period, Respondents failed to file a paper campaign statement disclosing contributions received and expenditures made during that reporting period, by the October 5, 2000 filing due date. After receiving notification of their filing obligation by the Enforcement Division, Respondents filed the late campaign statement on July 17, 2002.

By failing to timely file a paper first pre-election campaign statement by October 5, 2000, for the reporting period July 1 through September 30, 2000, Respondents committed a violation of section 84200.5, subdivision (d). In mitigation, Respondents timely filed an electronic campaign statement by October 5, 2000 that properly disclosed all of the contributions received and expenditures made during the first pre-election reporting period.

COUNT 2

Failure to Timely File a Paper Second Pre-election Campaign Statement

Respondents had a duty to file a pre-election campaign statement disclosing contributions received and expenditures made during any pre-election reporting period in which Respondents made contributions totaling \$500 or more. The second pre-election reporting period before the November 2000 general election was October 1 through October 21, 2000.

On or about October 10, 2000, Respondents made five contributions, totaling \$50,000 to five candidates for the State Assembly in the November 2000 election. Although Respondents made contributions that totaled \$500 or more during the second pre-election reporting period, Respondents failed to file a paper campaign statement disclosing contributions received and expenditures made during that reporting period, by the October 26, 2000 filing due date. After receiving notification of their filing obligation by the Enforcement Division, Respondents filed the late campaign statement on July 17, 2002.

By failing to timely file a paper second pre-election campaign statement by October 26, 2000, for the reporting period October 1 through October 21, 2000, Respondents committed a violation of section 84200.5, subdivision (d).

COUNT 3

Failure to Timely File an Electronic Second Pre-election Campaign Statement

Respondents had a duty to file an electronic campaign statement for any reporting period in which Respondents made or received contributions totaling \$50,000.

On or about October 10, 2000, Respondents made five contributions, totaling \$50,000 to five candidates for State Assembly in the November 2000 election. Although Respondents had made contributions that totaled \$50,000 or more during the second pre-election reporting period, Respondents did not timely file an electronic campaign statement disclosing contributions received and expenditures made during that reporting period, by the October 26, 2000 filing due date. After receiving notification of their filing obligation by the Enforcement Division, Respondents filed the late campaign statement on July 17, 2002.

By failing to timely file an electronic second pre-election campaign statement by October 26, 2000, for the reporting period October 1 through October 21, 2000, Respondents committed a violation of section 84605, subdivision (b).

CONCLUSION

This matter consists of three counts, which carry a maximum possible administrative penalty of Two Thousand Dollars (\$2,000) per violation, for a total of Six Thousand Dollars (\$6,000). However, the typical stipulated penalty for failing to timely file a pre-election campaign statement has historically ranged from \$1,500 to \$2,000, depending upon the circumstances of the violation.

With regard to Count 1, as Respondents timely filed the first pre-election campaign statement electronically, the public harm resulting from Respondents' failure to timely file the campaign statement in paper format is less significant. As such, imposition of a penalty at the low end of the settlement range in the amount of \$1,500 is appropriate for Count 1.

With regard to Counts 2 and 3, Respondents' failure to timely file the second pre-election campaign statement in either a paper or electronic format resulted in a significant amount of campaign activity that was not disclosed by Respondents to the public prior to the November 2000 election. As such, imposition of a penalty at the high end of the settlement range in the amount of \$2,000 per violation for a total of \$4,000 is appropriate for Counts 2 and 3.

Accordingly, the facts of this case justify the imposition of a total administrative penalty of \$5,500.